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**ANNUAL BUDGET OF
MAKANA MUNICIPALITY**

2014/15 TO 2016/17

MEDIUM TERM REVENUE AND EXPENDITURE BUDGET

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Part 1 – Annual Budget

1.1 Mayor's Report

1.2 Council Resolutions

On 20 June 2014 the Council of Makana Local Municipality (EC104) met in the Council Chambers of Makana Municipality to consider the final annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of Makana Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1. The **FINAL** annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Annexure A

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Annexure A

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Annexure A

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 in Annexure A.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position as contained in Annexure A

1.2.2. Budgeted Cash Flows as contained in Annexure A

1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Annexure A

1.2.4. Asset management as contained in Annexure A

2. The Council of Makana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

2.1. the tariffs for property electricity – as set out in Annexure C

2.2. the tariffs for property rates – as set out in Annexure C

2.3. the tariffs for the supply of water – as set out in Annexure C

2.4. the tariffs for sanitation services – as set out in Annexure C

2.5. the tariffs for solid waste services – as set out in Annexure C

3. The Council of Makana Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out in Annexure C respectively.

4. To give proper effect to the municipality's draft annual budget, the Council of Makana Local Municipality approves:

4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan. As it is widely known and publicly reported that Makana municipality is experiencing serious financial and water crisis, critical decisions have had to be made to ensure that the limited resources availed to the

municipality are used for projects that respond to core service delivery. In this light, a revenue-enhancement strategy's vigorous implementation will be essential and critical to ensure that the municipality strives to be financially viable and that municipal services can be provided sustainably, economically and equitably to all communities with the limited resources we have found ourselves in. As the result of this crisis, the 2014/15 MTREF has been compiled on a zero basis. This basis will assist the municipality in identifying alternative and efficient methods of utilizing limited resources and re-allocation thereof.

The meter readers replacements and correct placements projects implemented by ECDC/ Amatola Waters and Department of Waters Affairs (DWA) are expected to significantly have a positive effect on the current collection rate of 75.0 per cent as this will mean that all consumers are accurately billed and should minimise the frequency of disputes by consumers. During an engagement with DWA on water crisis it was advised that funds should be spent concentrated on water infrastructure and that no other own funded capital works should be started until the cash flow situation improves, thus only externally funded capital projects will be implemented in the 2014/15 budget. The municipality's service delivery priorities were reviewed based on the availability of funds and a decision was made that only the externally funded projects will be implemented as the municipality does not have any internal funds to finance other projects. Based on this criteria, the projects listed on the IDP have been budgeted for from the external grants.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- Makana's current water and financial crisis
- The country's declining rate of growth, impacting all spheres of government
- The national government maintaining its expenditure ceiling and no additional funds being added to the total funds announced in the previous budget.
- Aging and poorly maintained infrastructure
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash-flow crisis and declining cash position of the municipality as the internally generated funds had to be
- The increased cost of bulk water and electricity (due to tariff increases on Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable for the municipality as there will be a point where services will no-longer be affordable;

- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Lack of supporting staff and vacancies in the critical positions, such as CFO and Municipal Manager.
- Co-ordination from all municipal departments and delayed/lack of information submission.

National Treasury circulars 70 and 72 were used to guide the compilation of the 2014/15 MTREF which state that key focus areas for the 2014/15 budget process, "local government must ensure that efficiency gains, eradication of non-priority pending (cost containment measures) and the reprioritisation of expenditure relating to core infrastructure continue to inform the framework of all municipalities. Consequently, municipal revenues and cash flows are expected to remain under pressure." (National Treasury circular 72). Cost-containment measures of National Treasury Cabinet 01 of 2013/14 resolved on 23 October 2013 have become essential in the compilation of the MTREF budget as it gives instructions (that will be audited by the Auditor General) as from 2014/15 financial year and supports the resolutions made by the council in the adoption of the 2013/14 adjustment budget.

It was resolved by the council in the 2013/14 adjustment budget (06 February 2014) that strict measures be implemented to reduce our expenditure; that the following general cost saving measures be implemented with immediate effect:

1. Strict control over movements of vehicles, especially after hours.
2. No catering at meetings and other organised gatherings other than tea and coffee
3. Limit S&T by reducing the attendance of conferences and meetings
4. Restrict the filling of vacancies
5. Restrict overtime
6. Limit the procurement of "luxuries" and prevent general wasting of resources
7. Only essential maintenance to be done
8. Reduce donations to needy organizations and individuals
9. Making use of the telephone system feature to limit telephone calls to a preset budget

In light of the above 2013/14 adjustment budget resolutions responding to the financial crisis, the proposed final 2014/15 MTREF budget has been compiled with these measures in consultation with the National Treasury cost-containment measures instructions.

Spending at this institution is a great challenge. Departments must play a role in ensuring that the whole institution is stable in the future by minimizing and put measures to cut its spending as every Rand made counts during this crisis we are in.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2014/15 budget is compiled on a zero basis, with priorities on essential operating expenditure and externally funded capital projects, as well as the base-line allocations for upper limits for the new baselines for the 2014/15 annual budget;
- The 2013/14 Adjustments Budget priorities and targets, Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no internally-funded projects and only and only grants gazetted will be budgeted for as required by the annual Division of Revenue Act

National Treasury has gazetted the new Standard Charter of Accounts (SCOA) and municipalities were advised and encouraged to begin budgeting and implementing for the new SCOA which will take effect on 01 July 2017. However, because Makana's financial system is not fully GRAP compliant, it has been decided that initially the municipality will budget for the provision for GRAP to be fully compliance before the implementation of the new SCOA to ensure credibility and improved data quality, and most importantly no information is lost during the integration.

The municipality, with the direction of the technical services department, will have to ensure that the conditional grants roll-over application process in the current financial year and the criteria is made so that the previous financial year's issues are not repeated. Most importantly the National Reserve Fund will not consider, under any circumstances, any roll-over applications with vacant or acting Chief Financial Officer (CFO), thus the appointment of a permanent CFO is significantly critical in the current crisis that the municipality is in.

A revenue-enhancement strategy should be prepared and rigorously implemented by the municipality to increase our current low collection rate. This will also assist in ensuring that from the future revenue collected from the success of the strategy a portion is available to invest until sufficient funds are available to consider internally funding projects. It will take serious commitment from all departments to ensure that sustainability is achieved and the municipality is back to its feet.

The municipality's revenue-enhancement strategy is recommended to be built around the following key components:

- The review and enforcement of policies relating to credit and debtors policies
- Realistic strategies/projects which concentrate on core service delivery, of which the municipality can properly provide services to the community, and in return has a right to monetary returns.
- Minimising the current water and electricity losses
- Cost-containment measures instructed by National Treasury
- Development of the revenue enhancement strategy with at least a three-year period with attainable goals as the 95 per cent collection rate may not be achieved in one financial year.

The budget is budgeted at break-even, meaning Operational Revenue is equal to Operational Expenditure. The municipality then cannot afford to fund non-essential expenditure and most especially overspending on budgeted expenditure as these will become irregular and unauthorized and the implications are that these expenditure may be qualifying items in the next audit. Accordingly all departments are advised to spend within their allocated budget, as and when funds are available.

In summary our realistic anticipated income is as follow for the 2014/15 budget is as follows:

Operational own income	R303, 86 million
Operational grants and subsidies	R78, 15 million
Total Operational Revenue	<u>R382.01 million</u>

Major Operational Expenditure for the 2014/15 budget is as follows:

Depreciation and asset impairment	R27, 09 million
Bulk Purchases	R79, 62 million

Employees-related costs	R135, 19 million
Remuneration of councilors	R9, 31 million
Transfer and grants	R41, 86 million
Other and general expenses	R88. 94 million
Total Operating Expenditure	<u>R382, 01 million</u>

The internal charges, although reflected as credit, is a reduction of the expenditure, and not revenue. The reduction of income and expenditure is as a result of these internal charges being debited and credited to different departments/sections, these charges are interdepartmental services. According to circulars 48, 55 and 58; it has been noted that municipalities are still including internal charges on their budgets and other reports thus overstating revenues and expenditure. As a result, the Income and General Expenses were reduced by the amount of R22, 00 million to comply with the circular.

Capital expenditure for 2014/15 budget:

Externally-funded Capital expenditure	R65, 30 million
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For accuracy and completeness purposes, it should be noted that the audited outcome column for the 2012/13 financial year is subject to change as the audit report is yet to be released thus the unaudited Annual Financial Statement was used. As a result this affects the reliability of the budgeted Financial Position Statement as it is used for the basis of budgeting. Once the Audited Annual Financial Statements are available the audited outcomes columns will be adjusted in the adjustment budget.

1.4 Operating Revenue Framework

In these current economic times, with the crisis that Makana municipality is in, Revenue management is critical for economic sustainability. The reality is that the current collection rate of 75 per cent is significantly below the acceptable level of at least 95 per cent to warrant effective administration and service delivery. We are faced with development backlogs and poverty, accordingly a revenue-enhancement strategy is critical to try to increase service payments from its consumers. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	32 338	38 133	38 084	56 970	43 589	43 589	43 589	45 925	48 635	51 310
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	91 504	100 505	106 390	126 955	87 099	87 099	87 099	144 242	152 753	161 154
Service charges - water revenue	2	26 613	38 749	34 413	47 576	30 670	30 670	30 670	50 837	53 837	56 798
Service charges - sanitation revenue	2	14 948	16 317	16 844	19 654	14 752	14 752	14 752	24 217	25 644	27 055
Service charges - refuse revenue	2	6 593	7 712	8 445	8 884	23 889	23 889	23 889	10 908	11 551	12 187
Service charges - other		171	84	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 034	1 217	1 059	1 437	1 437	1 437	1 437	4 323	4 578	4 830
Interest earned - external investments		4 767	3 939	2 048	5 000	5 000	5 000	5 000	100	106	112
Interest earned - outstanding debtors		7 788	9 228	9 711	9 000	9 000	9 000	9 000	9 500	10 061	10 614
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 144	567	1 022	942	942	942	942	1 041	1 103	1 163
Licences and permits		2 584	2 099	2 411	1 280	1 280	1 280	1 280	3 372	3 571	3 767
Agency services		943	1 139	1 006	-	-	-	-	-	-	-
Transfers recognised - operational		51 340	58 430	9 445	85 124	-	-	-	78 153	80 872	81 848
Other revenue	2	10 815	2 491	1 717	26 547	22 547	22 547	22 547	9 391	11 838	15 961
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		252 581	280 611	232 595	389 369	240 204	240 204	240 204	382 010	404 549	426 799

Revenue generated from rates and services charges form a significant percentage of the revenue basket for the municipality. In the 2014/15 financial year, revenue from rates and services charges have been budgeted at R276, 12 million or 68.3 per cent. This increases to R292, 41 million and R302, 59 million in the respective outer years of the MTREF. This growth can be mainly attributed to the yearly tariff increases in service charges.

Electricity is the largest revenue source totaling 35.7 per cent or R144, 24 million, this is followed by Water and Property rates at R50, 84 million or 12.6 per cent and R45, 93 million or 11.4 per cent respectively. With water being one of the significant contributors of revenue, the priority of water projects being currently undertaken are expected to not only materially improve the municipality's service delivery but also increase our revenue as a result of improved meter reading and billing.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality. Considering these points, one of the ways for Makana municipality to achieve sustainability is by increasing the tariff above the 6.0 per cent recommended by National Treasury to 8.5 per cent. There have been a number of reported discrepancies on the new valuation roll that is yet to be implemented. As such, a conservative approach in the budget was used and property rates tariff increases of 9% were based on the old valuation roll. The objection process that is going to take place will rectify any incorrect calculations in the valuation roll. A supplementary valuation will determine the correct revenue for property rates and what the correct tariff percentage should be used. All the affected accounts will be reviewed and rectified during the adjustment budget process. The municipality considered its current economic factors, such as the rapid population growth particularly at the poorer end of the economic scale. It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities as it does not necessarily take into account cost drivers particular to municipalities, such as cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

One of the ever-present challenges facing all spheres all government is managing the gap between cost drivers and tariffs levied. With this in mind, Makana municipality has undertaken to set the tariff increase relating to service charges above 6.0 per cent. The tariff increases are listed under Budget Assumptions.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 2 Operating Transfers and Grant Receipts

EC104 Makana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:										
Operating Transfers and Grants										
National Government:		50 021	58 871	-	74 109	74 109	74 109	75 725	78 294	78 748
Local Government Equitable Share		47 270	58 871		69 044	69 044	69 044	72 184	75 677	76 030
Finance Management		1 551			1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		1 200			890	890	890	934	967	1 018
EPWP Incentive		-	-	-	1 000	1 000	1 000	1 007	-	-
Integrated National Electrification Programme		-			1 625	1 625	1 625	-	-	-
Municipal Systems Improvement		-						-	-	-
Other transfers/grants []		-						-	-	-
Provincial Government:		1 131	-	-	3 985	3 985	-	2 435	2 578	2 720
Sport and Recreation		1 131			3 985	3 985		2 435	2 578	2 720
Other transfers/grants []								-	-	-
District Municipality:		-	-	-	-	-	-	1 409	1 492	1 574
Health Subsidy								1 409	1 492	1 574
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	51 152	58 871	-	78 094	78 094	74 109	79 569	82 365	83 042

Operational grants continue to contribute a considerable portion of Makana's operational revenue, comprising R75, 73 million or 18.7 per cent of the total operational revenue of R404, 01 million. As much as this is not a recommended practice, the municipality will unfortunately have to place a large reliance on the grants until financial stability and sustainability is achieved.

With the financial crisis which resulted in the delayed/non-payment of the municipality's creditors and employees, it is critical that the municipality's conditional grants are ring-fenced and not used for any other purposes other than the conditioned attached to them and avoid the temptation of using conditional grants to fund operational activities and projects as this practice has an overwhelming negative impact on

Equitable Shares receipts, as this was found to be the case in the previous financial year where the Equitable Share was reduced by over R15 million by National Treasury.

1.5 Operating Expenditure Framework

Makana's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The municipality's collection rate of 75 per cent
- Balanced budget constraint (operating expenditure should not exceed operating revenue) as the budget is budgeted at break-even.
- Cost-containment measures instructed by National Treasury and resolved in the 2013/14 adjustment budget
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 3 Summary of operating expenditure by standard classification item

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type											
Employee related costs	2	98 540	102 704	111 777	115 772	119 448	119 448	119 448	135 188	143 186	151 046
Remuneration of councillors		6 210	7 704	7 782	8 371	8 371	8 371	83 710	9 313	9 858	10 402
Debt impairment	3	31 869	29 629	23 288	8 499						
Depreciation & asset impairment	2	47 783	44 212	2	8 969	8 969	8 969	8 969	27 081	28 679	30 256
Finance charges		281	218	191	427						
Bulk purchases	2	49 892	64 579	68 852	79 745	79 745	79 745	79 745	79 624	84 322	88 959
Other materials	8	-	-	-	-						
Contracted services		2 297	2 706	3 709	2 161	6 205	6 205	6 205	6 341	6 715	7 084
Transfers and grants		23 392	20 053	16 400	1 184	23 396	23 396	22 759	41 863	44 356	46 818
Other expenditure	4, 5	43 325	51 301	45 616	119 515	206 620	206 620	206 620	82 601	87 434	92 234
Loss on disposal of PPE		159	-	-	-	-	-	-	-	-	-
Total Expenditure		303 749	323 108	277 617	344 644	452 755	452 755	527 456	382 010	404 549	426 799

The total operating expenditure is budgeted at R382, 01 million, equaling the Operating revenue.

Expenditure on employee-related costs increased by 13.2 per cent from R119, 45 million in the adjustment budget to R135, 19 million. The 13.2 per cent increase took into account the following:

- Implementation of Phase 1 Organizational Development (OD) assessment.
- Salary and Wage Collective Agreement increases of 6.79 per cent and 6.40 per cent for 2014/15 and 2015/16 respectively
- Budgeted positions that have been vacant for years
- Cost of contract workers
- Overtime

It should be considered that the positions that were never filled but are still in the budget to be removed which results in overstating of the budgeted expense.

The municipality has budgeted for the appointment of the Chief Financial Officer (CFO) and the Municipal Manager (MM) and all other critical vacant positions which are the core role players in ensuring the stability and sustainability is achieved. In addition expenditure against overtime was significantly reduced from the 2013/14 adjustment budget of R4, 95 million to R3, 035 million, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is budgeted in line with the latest Public Officer Bearers act issued in December 2013 inclusive with the provision increase equal to the estimated CPI

inflation over the MTREF. Makana municipality previously over-budgeted for the expenditure rather than use the guidelines provide by National Treasury, however, adjustments were used to account for actual costs and provisions which is why it appears as if there has been no increase in the expenditure.

Provision for depreciation and asset impairment is budgeted at R27, 08 million and equates to 6.7 per cent of the total operating expenditure. Bulk purchases at a budget of R79, 62 million are directly informed by the purchase of electricity from Eskom and water. The annual price increases of 8.06 per cent have been factored into the budget appropriations and directly inform the revenue provisions. It should be noted that this expenditures do not include distribution losses.

Other expenditure of R82, 60 million comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved and is implemented.

The table below shows the breakdown of the municipality's 'Other' Expenditure:

Table 4: Breakdown of 'Other' Expenditure

EC104 Makana - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	150	159	168
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Consultant fees		–	–	–	5 042	–	–	–	–	–	–
Audit fees		2 884	4 144	3 480	2 276	–	–	–	4 751	5 031	5 308
General expenses	3	23 619	25 665	25 995	75 158	206 620	206 620	206 620	29 373	31 065	32 765
Bank Charges		555	812	603	3 870	–	–	–	451	478	504
Electricity & Water		8 419	9 798	4 195	–	–	–	–	9 195	9 738	10 273
Fuel & Oil		3 099	3 829	4 834	2 708	–	–	–	3 396	3 596	3 794
Insurance & Security		2 487	3 097	3 404	3 182	–	–	–	1 293	1 369	1 444
Legal Costs		2 263	3 957	3 105	–	–	–	–	2 934	3 107	3 278
Repairs and Maintenance		–	–	–	16 406	–	–	–	18 323	19 404	20 471
Travelling and subsistence		–	–	–	761	–	–	–	533	564	595
Licences		–	–	–	1 127	–	–	–	1 184	1 254	1 323
Advertising		–	–	–	1 862	–	–	–	2 317	2 454	2 588
Postage		–	–	–	70	–	–	–	1 006	1 066	1 124
Training		–	–	–	891	–	–	–	1 380	1 461	1 542
Protective clothing		–	–	–	460	–	–	–	652	690	728
Meeting expenses		–	–	–	120	–	–	–	201	213	224
Telephone		–	–	–	1 582	–	–	–	1 561	1 653	1 744
Tyres and tubes		–	–	–	573	–	–	–	658	697	735
Conference expenses		–	–	–	1 981	–	–	–	1 597	1 691	1 784
Skills development levy		–	–	–	1 447	–	–	–	1 649	1 746	1 842
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total 'Other' Expenditure	1	43 325	51 301	45 616	119 515	206 620	206 620	206 620	82 601	87 434	92 234

This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. After the feedback from the 2014/15 draft budget, the expenditure was critically evaluated and cost-containment measures were applied. It is imperative for the all departments to note that a budget is not an indication that funds will always be available, rather a financial management tool. Therefore, if resources are not management properly, funds will not be readily available at all times. Expenses should be incurred when and where monies are available, especially that the municipality is financially challenged.

With the water crisis that has crippled the municipality's core mandate; repairs and maintenance remains the priority for the municipality. This is aligned to the municipality's strategic objectives in the Integrated Development Plan (IDP), which is access to adequate facilities and also live in a safe, secure and healthy environment. Consequently, repairs and maintenance are allocated to the municipality's core services.

Below is a breakdown of repairs and maintenance per asset class over the MTREF:

Table 5 Operational repairs and maintenance

EC104 Makana - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment		47 783	44 212	2	8 969	8 969	8 969	27 081	28 679	30 256
Repairs and Maintenance by As	3	16 039	10 887	18 047	17 120	-	-	18 359	19 494	20 571
Infrastructure - Road transport		16 039	10 887	18 047	4 166	-	-	3 001	3 178	3 353
Infrastructure - Electricity		-	-	-	2 000	-	-	2 750	2 912	3 072
Infrastructure - Water		-	-	-	-	-	-	2 550	2 700	2 849
Infrastructure - Sanitation		-	-	-	840	-	-	810	911	961
Infrastructure - Other		-	-	-	-	-	-	10	11	11
Infrastructure		16 039	10 887	18 047	7 006	-	-	9 121	9 712	10 246
Community		-	-	-	2 633	-	-	834	883	931
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	7 481	-	-	8 405	8 899	9 394
TOTAL EXPENDITURE OTHER ITEMS		63 822	55 100	18 049	26 089	8 969	8 969	45 441	48 173	50 827

From the table, repairs and maintenance is budgeted at R18, 36 million, increasing to R19, 49 million and R20, 57 million in the respective outer years.

1.6 Capital expenditure and Revenue

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 1 2014/15 Medium-term capital budget per vote

EC104 Makana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard											
<i>Governance and administration</i>		671	607	-	1 285	1 285	1 285	1 285	-	-	-
Executive and council		196	321		-	-	-	-	-	-	-
Budget and treasury office		475	285		400	400	400	400	-	-	-
Corporate services		-	-		885	885	885	885	-	-	-
<i>Community and public safety</i>		6 893	14 705	-	15 868	15 868	15 868	15 868	5 550	-	-
Community and social services		569	2 940		3 718	3 718	3 718	3 718	-	-	-
Sport and recreation		5 576	11 764		850	850	850	850	5 550	-	-
Public safety		494	-		1 300	1 300	1 300	1 300	-	-	-
Housing		-	-		10 000	10 000	10 000	10 000	-	-	-
Health		254	-		-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 559	21 955	-	38 923	38 923	38 923	38 923	17 466	-	-
Planning and development		1 540	8 936		22 555	22 555	22 555	22 555	893	-	-
Road transport		13 019	13 019		13 868	13 868	13 868	13 868	16 573	-	-
Environmental protection		-	-		2 500	2 500	2 500	2 500	-	-	-
<i>Trading services</i>		23 654	20 351	-	83 868	83 868	83 868	83 868	40 662	-	-
Electricity		5 464	9 949		8 075	8 075	8 075	8 075	6 814	-	-
Water		3 838	8 876		40 805	40 805	40 805	40 805	13 300	-	-
Waste water management		-	1 526		34 987	34 987	34 987	34 987	20 548	-	-
Waste management		14 352	-		-	-	-	-	-	-	-
<i>Other</i>		-	-		4 091	4 091	4 091	4 091	-	-	-
Total Capital Expenditure - Standard	3	45 778	57 617	-	144 034	144 034	144 034	144 034	63 679	-	-

All the capital expenditure will be financed from the conditional grants gazetted in the Division of Revenue Bill (DoRA) as the municipality does not have internal funds to fund grants. With the financial and water crisis, projects are budgeted for based on priority and municipality's core strategic objectives. Priority has been placed Trading Services with an allocation of R40, 66 million or 63.9 per cent of the R63, 68 million capital budget.

The following table indicates the conditional grants that will fund the capital projects and programs over the MTREF:

Table 7: 2014/15 Medium-term capital funding

EC104 Makana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:											
National Government		45 107	57 296	34 199	48 814	48 814	48 814	48 814	34 593	-	-
Provincial Government		-	-	-	1 680	1 680	1 680	1 680	1 550	-	-
District Municipality		-	-	-	10 168	10 168	10 168	10 168	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	27 536	-	-
Transfers recognised - capital	4	45 107	57 296	34 199	60 661	60 661	60 661	60 661	63 679	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	16 847	38 649	38 649	38 649	38 649	-	-	-
Internally generated funds		671	321	43 139	44 725	44 725	44 725	44 725	-	-	-
Total Capital Funding	7	45 778	57 617	94 184	144 034	144 034	144 034	144 034	63 679	-	-

1.7 Annual Budget Tables

The following tables are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes.

Table A1 - Budget Summary

EC104 Makana - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	32 338	38 133	38 084	56 970	43 589	43 589	43 589	45 925	48 635	51 310
Service charges	139 828	163 366	166 092	203 069	156 410	156 410	156 410	230 204	243 786	257 193
Investment revenue	4 767	3 939	2 048	5 000	5 000	5 000	5 000	100	106	112
Transfers recognised - operational	51 340	58 430	9 445	85 124	-	-	-	78 153	80 872	81 848
Other own revenue	24 308	16 742	16 925	39 206	35 206	35 206	35 206	27 627	31 151	36 336
Total Revenue (excluding capital transfers and contributions)	252 581	280 611	232 595	389 369	240 204	240 204	240 204	382 010	404 549	426 799
Employee costs	98 540	102 704	111 777	115 772	119 448	119 448	119 448	135 188	143 186	151 046
Remuneration of councillors	6 210	7 704	7 782	8 371	8 371	8 371	8 371	9 313	9 858	10 402
Depreciation & asset impairment	47 783	44 212	2	8 969	8 969	8 969	8 969	27 081	28 679	30 256
Finance charges	281	218	191	427	-	-	-	-	-	-
Materials and bulk purchases	49 892	64 579	68 852	79 745	79 745	79 745	79 745	79 624	84 322	88 959
Transfers and grants	23 392	20 053	16 400	1 184	23 396	23 396	23 396	41 863	44 356	46 818
Other expenditure	77 651	83 637	72 613	130 175	212 825	212 825	212 825	88 941	94 148	99 318
Total Expenditure	303 749	323 108	277 617	344 644	452 755	452 755	452 755	382 010	404 549	426 799
Surplus/(Deficit)	(51 169)	(42 497)	(45 021)	44 725	(212 550)	(212 550)	(287 252)	(0)	1	(0)
Transfers recognised - capital	41 718	48 966	119 999	51 494	-	-	-	65 296	48 928	65 969
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969
Capital expenditure & funds sources										
Capital expenditure	45 778	57 617	-	144 034	144 034	144 034	144 034	63 679	-	-
Transfers recognised - capital	45 107	57 296	34 199	60 661	60 661	60 661	60 661	63 679	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	16 847	38 649	38 649	38 649	38 649	-	-	-
Internally generated funds	671	321	43 139	44 725	44 725	44 725	44 725	-	-	-
Total sources of capital funds	45 778	57 617	94 184	144 034	144 034	144 034	144 034	63 679	-	-
Financial position										
Total current assets	159 140	122 924	184 241	69 965	69 965	69 965	69 965	178 736	189 781	201 579
Total non current assets	1 443 281	1 526 903	1 539 187	333 392	333 392	333 392	333 392	268 800	284 928	302 024
Total current liabilities	149 181	142 815	156 842	2 925	2 925	2 925	2 925	5 277	5 594	5 930
Total non current liabilities	47 897	56 241	70 436	-	-	-	-	2 107	2 232	2 354
Community wealth/Equity	1 405 343	1 383 114	1 496 150	14 122 672	14 122 672	14 122 672	14 122 672	1 541 904	1 634 418	1 732 484
Cash flows										
Net cash from (used) operating	59 129	42 006	24 967	194 830	194 830	194 830	194 830	66 932	48 812	57 994
Net cash from (used) investing	(56 542)	(58 428)	(79 594)	(61 641)	(61 641)	(61 641)	(61 641)	5 140	5 450	5 778
Net cash from (used) financing	(1 805)	(621)	22 864	(1 032)	(1 032)	(1 032)	-	4 412	4 672	4 929
Cash/cash equivalents at the year end	71 150	54 107	22 344	154 501	286 658	418 815	287 689	86 316	145 250	213 951
Cash backing/surplus reconciliation										
Cash and investments available	82 927	56 986	13 448	13 464	13 464	13 464	13 464	10 434	11 072	11 749
Application of cash and investments	81 693	87 709	(32 705)	(22 173)	(41 790)	(41 790)	(41 790)	(98 086)	(103 509)	(106 461)
Balance - surplus (shortfall)	1 234	(30 724)	46 152	35 637	55 254	55 254	55 254	108 521	114 581	118 210
Asset management										
Asset register summary (WDV)	1 443 281	1 459 246	263 664	247 955	153 416	153 416	304 649	304 649	255 428	270 754
Depreciation & asset impairment	47 783	44 212	2	8 969	8 969	8 969	27 081	27 081	28 679	30 256
Renewal of Existing Assets	-	-	-	-	-	-	-	25 112	-	-
Repairs and Maintenance	16 039	10 887	18 047	17 120	-	-	18 359	18 359	19 494	20 571
Free services										
Cost of Free Basic Services provided	-	-	0	-	-	0	36 024	36 024	38 150	40 248
Revenue cost of free services provided	-	-	700	-	-	700	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	2	-	2	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	0	0	0	0	0	0	0	0	0	0

- Table A1 is a budget summary and provides a concise overview of the Makana Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

- a. The operating surplus (after incurring Total Operating Expenditure) is at zero, which it is only enough to cover the operating expenses, and the capital transfers are for capital expenditure funding.
- It is imperative that decisions to ensure adequate cash-backing for all material obligations are taken. This cannot be achieved in one financial year, especially in our crisis. When the revenue-enhancement strategy is approved and implemented; and the critical posts of the CFO and MM are filled, it is anticipated that surplus can be achieved.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC104 Makana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
<i>Governance and administration</i>		56 457	58 306	49 376	186 125	186 125	186 125	98 790	104 613	110 372
Executive and council		3 441	3 050	2 465	5 669	5 669	5 669	7 183	7 607	8 026
Budget and treasury office		48 870	52 395	46 382	86 579	86 579	86 579	87 983	93 178	98 303
Corporate services		4 145	2 861	530	93 876	93 876	93 876	3 624	3 827	4 043
<i>Community and public safety</i>		10 987	18 179	4 786	6 643	6 643	6 643	8 055	8 537	9 000
Community and social services		763	508	4 785	4 187	4 187	4 187	2 974	3 156	3 323
Sport and recreation		5 714	15 009	-	11	11	11	11	12	12
Public safety		117	622	-	1 104	1 104	1 104	3 654	3 869	4 082
Housing		-	-	0	-	-	-	-	-	-
Health		4 392	2 041	-	1 341	1 341	1 341	1 416	1 500	1 582
<i>Economic and environmental services</i>		18 868	13 703	-	9 334	9 334	9 334	11 186	11 846	12 498
Planning and development		5 791	2 797	-	5 729	5 729	5 729	9 093	9 630	10 159
Road transport		13 059	10 843	-	3 585	3 585	3 585	1 350	1 430	1 509
Environmental protection		18	64	-	20	20	20	742	786	830
<i>Trading services</i>		210 946	233 333	-	277 445	277 445	277 445	263 964	279 538	294 913
Electricity		99 116	101 602	-	131 223	131 223	131 223	144 242	152 753	161 154
Water		60 151	79 545	-	83 503	83 503	83 503	68 093	72 110	76 076
Waste water management		36 724	35 079	-	37 381	37 381	37 381	34 924	36 984	39 018
Waste management		14 955	17 107	-	25 338	25 338	25 338	16 706	17 691	18 664
<i>Other</i>	4	11	7	-	10	10	10	15	16	17
Total Revenue - Standard	2	297 269	323 529	54 162	479 557	479 557	479 557	382 011	404 549	426 799
Expenditure - Standard										
<i>Governance and administration</i>		111 201	101 957	-	97 174	97 174	97 174	110 096	116 591	123 630
Executive and council		16 138	18 921	-	25 722	25 722	25 722	30 725	32 538	34 327
Budget and treasury office		36 879	27 344	-	32 008	32 008	32 008	36 792	38 963	41 106
Corporate services		58 184	55 693	-	39 444	39 444	39 444	42 578	45 090	48 197
<i>Community and public safety</i>		27 150	25 433	-	34 272	34 272	34 272	31 326	33 174	35 022
Community and social services		5 827	5 368	-	14 678	14 678	14 678	12 998	13 764	14 545
Sport and recreation		1 812	2 043	-	2 300	2 300	2 300	4 490	4 755	5 016
Public safety		11 225	12 770	-	15 094	15 094	15 094	11 413	12 087	12 751
Housing		-	34	-	48	48	48	-	-	-
Health		8 286	5 219	-	2 151	2 151	2 151	2 425	2 569	2 710
<i>Economic and environmental services</i>		24 097	26 817	-	32 966	32 966	32 966	42 210	44 700	47 159
Planning and development		8 446	8 993	-	18 206	18 206	18 206	16 722	17 709	18 683
Road transport		12 529	14 328	-	10 633	10 633	10 633	18 665	19 766	20 853
Environmental protection		3 121	3 496	-	4 128	4 128	4 128	6 823	7 226	7 623
<i>Trading services</i>		160 102	179 441	-	179 984	179 984	179 984	198 055	209 740	220 626
Electricity		80 972	87 608	-	96 236	96 236	96 236	103 184	109 272	115 282
Water		43 517	53 718	-	44 565	44 565	44 565	56 174	59 488	62 760
Waste water management		25 967	28 281	-	21 795	21 795	21 795	26 840	28 424	29 337
Waste management		9 646	9 832	-	17 389	17 389	17 389	11 857	12 556	13 247
<i>Other</i>	4	203	279	-	248	248	248	325	344	363
Total Expenditure - Standard	3	322 752	333 928	-	344 644	344 644	344 644	382 011	404 549	426 799
Surplus/(Deficit) for the year		(25 483)	(10 399)	54 162	134 913	134 913	134 913	0	(0)	(0)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for all services.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC104 Makana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Technical & Infrastructure		49 836	44 130	-	45 699	45 699	45 699	46 627	49 372	52 094
Vote 2 - Corporate Services		5 311	3 218	-	790	790	790	888	940	992
Vote 3 - Financial Services		48 871	52 395	-	86 579	86 579	86 579	87 990	93 178	98 303
Vote 4 - Community & Social Services		30 354	38 581	-	35 465	35 465	35 465	26 620	28 200	29 745
Vote 5 - Executive Mayor		151	179	-	397	397	397	532	563	594
Vote 6 - Speakers Office		-	-	-	3 205	3 205	3 205	4 295	4 549	4 799
Vote 7 - Municipal Manager		2 362	1 473	-	2 453	2 453	2 453	2 665	2 823	2 978
Vote 8 - Local Economic Development		1 220	2 405	-	-	-	-	-	-	-
Vote 9 - Housing		(2)	-	-	-	-	-	-	-	-
Vote 10 - Electricity		99 016	101 602	-	131 223	131 223	131 223	144 242	152 753	161 154
Vote 11 - Water		60 151	79 545	-	83 503	83 503	83 503	68 093	72 110	76 076
Vote 12 - Dog Tax		1	0	-	1	1	1	1	2	2
Vote 13 - Parking Meters		-	-	-	53	53	53	56	59	63
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	297 270	323 529	-	389 369	389 369	389 369	382 010	404 549	426 799
Expenditure by Vote to be appropriated	1									
Vote 1 - Technical & Infrastructure		33 728	35 265	-	52 227	52 227	52 227	59 109	62 596	65 939
Vote 2 - Corporate Services		57 982	56 959	-	22 525	22 525	22 525	24 131	25 554	26 960
Vote 3 - Financial Services		36 879	27 344	-	32 008	32 008	32 008	32 433	34 077	36 236
Vote 4 - Community & Social Services		54 951	56 325	-	59 504	59 504	59 504	66 908	71 127	74 853
Vote 5 - Executive Mayor		1 554	1 651	-	2 156	2 156	2 156	4 720	4 998	5 273
Vote 6 - Speakers Office		-	-	-	10 972	10 972	10 972	11 516	12 195	12 866
Vote 7 - Municipal Manager		8 548	9 872	-	13 717	13 717	13 717	14 175	15 012	15 837
Vote 8 - Local Economic Development		4 581	5 242	-	10 685	10 685	10 685	9 610	10 177	10 736
Vote 9 - Housing		41	34	-	48	48	48	51	54	58
Vote 10 - Electricity		80 972	87 608	-	96 236	96 236	96 236	103 183	109 272	115 282
Vote 11 - Water		43 517	53 628	-	44 565	44 565	44 565	56 177	59 488	62 760
Vote 12 - Dog Tax		-	1	-	1	1	1	-	-	-
Vote 13 - Parking Meters		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	322 753	333 929	-	344 644	344 644	344 644	382 011	404 549	426 799
Surplus/(Deficit) for the year	2	(25 483)	(10 400)	-	44 725	44 725	44 725	(0)	(0)	0

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit in each vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	32 338	38 133	38 084	56 970	43 589	43 589	43 589	45 925	48 635	51 310
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	91 504	100 505	106 390	126 955	87 099	87 099	87 099	144 242	152 753	161 154
Service charges - water revenue	2	26 613	38 749	34 413	47 576	30 670	30 670	30 670	50 837	53 837	56 798
Service charges - sanitation revenue	2	14 948	16 317	16 844	19 654	14 752	14 752	14 752	24 217	25 644	27 055
Service charges - refuse revenue	2	6 593	7 712	8 445	8 884	23 889	23 889	23 889	10 908	11 551	12 187
Service charges - other		171	84	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 034	1 217	1 059	1 437	1 437	1 437	1 437	4 323	4 578	4 830
Interest earned - external investments		4 767	3 939	2 048	5 000	5 000	5 000	5 000	100	106	112
Interest earned - outstanding debtors		7 788	9 228	9 711	9 000	9 000	9 000	9 000	9 500	10 061	10 614
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 144	567	1 022	942	942	942	942	1 041	1 103	1 163
Licences and permits		2 584	2 099	2 411	1 280	1 280	1 280	1 280	3 372	3 571	3 767
Agency services		943	1 139	1 006	-	-	-	-	-	-	-
Transfers recognised - operational		51 340	58 430	9 445	85 124	-	-	-	78 153	80 872	81 848
Other revenue	2	10 815	2 491	1 717	26 547	22 547	22 547	22 547	9 391	11 838	15 961
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		252 581	280 611	232 595	389 369	240 204	240 204	240 204	382 010	404 549	426 799
Expenditure By Type											
Employee related costs	2	98 540	102 704	111 777	115 772	119 448	119 448	119 448	135 188	143 186	151 046
Remuneration of councillors		6 210	7 704	7 782	8 371	8 371	8 371	83 710	9 313	9 858	10 402
Debt impairment	3	31 869	29 629	23 288	8 499	-	-	-	-	-	-
Depreciation & asset impairment	2	47 783	44 212	2	8 969	8 969	8 969	8 969	27 081	28 679	30 256
Finance charges		281	218	191	427	-	-	-	-	-	-
Bulk purchases	2	49 892	64 579	68 852	79 745	79 745	79 745	79 745	79 624	84 322	88 959
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		2 297	2 706	3 709	2 161	6 205	6 205	6 205	6 341	6 715	7 084
Transfers and grants		23 392	20 053	16 400	1 184	23 396	23 396	22 759	41 863	44 356	46 818
Other expenditure	4, 5	43 325	51 301	45 616	119 515	206 620	206 620	206 620	82 601	87 434	92 234
Loss on disposal of PPE		159	-	-	-	-	-	-	-	-	-
Total Expenditure		303 749	323 108	277 617	344 644	452 755	452 755	527 456	382 010	404 549	426 799
Surplus/(Deficit)		(51 169)	(42 497)	(45 021)	44 725	(212 550)	(212 550)	(287 252)	(0)	1	(0)
Transfers recognised - capital		41 718	48 966	119 999	51 494	-	-	-	65 296	48 928	65 969
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969
Taxation											
Surplus/(Deficit) after taxation		(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(9 451)	6 469	74 978	96 219	(212 550)	(212 550)	(287 252)	65 296	48 929	65 969

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source:

EC104 Makana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure - to be appropriated	2										
Vote 1 - Technical & Infrastructure		-	-	-	61 810	-	-	-	128 708	-	-
Vote 2 - Corporate Services		-	-	-	885	-	-	-	1 760	46	51
Vote 3 - Financial Services		-	-	-	400	-	-	-	200	-	-
Vote 4 - Community & Social Services		-	-	-	8 568	-	-	-	13 120	8	-
Vote 5 - Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 6 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager		-	-	-	1 050	-	-	-	490	-	-
Vote 8 - Local Economic Development		-	-	-	22 441	-	-	-	31 753	345	42
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	8 075	-	-	-	19 331	4 694	4 929
Vote 11 - Water		-	-	-	40 805	-	-	-	40 848	42 693	59 560
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-
Vote 13 - Parking Meters		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	144 034	-	-	-	236 210	47 785	64 582
Single-year expenditure - to be appropriated	2										
Vote 1 - Technical & Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 6 - Speakers Office		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 8 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-
Vote 13 - Parking Meters		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	144 034	-	-	-	236 210	47 785	64 582
Capital Expenditure - Standard											
<i>Governance and administration</i>		671	607	-	1 285	1 285	1 285	1 285	-	-	-
Executive and council		196	321	-	-	-	-	-	-	-	-
Budget and treasury office		475	285	-	400	400	400	400	-	-	-
Corporate services		-	-	-	885	885	885	885	-	-	-
<i>Community and public safety</i>		6 893	14 705	-	15 868	15 868	15 868	15 868	5 550	-	-
Community and social services		569	2 940	-	3 718	3 718	3 718	3 718	-	-	-
Sport and recreation		5 576	11 764	-	850	850	850	850	5 550	-	-
Public safety		494	-	-	1 300	1 300	1 300	1 300	-	-	-
Housing		-	-	-	10 000	10 000	10 000	10 000	-	-	-
Health		254	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 559	21 955	-	38 923	38 923	38 923	38 923	17 466	-	-
Planning and development		1 540	8 936	-	22 555	22 555	22 555	22 555	893	-	-
Road transport		13 019	13 019	-	13 868	13 868	13 868	13 868	16 573	-	-
Environmental protection		-	-	-	2 500	2 500	2 500	2 500	-	-	-
<i>Trading services</i>		23 654	20 351	-	83 868	83 868	83 868	83 868	40 662	-	-
Electricity		5 464	9 949	-	8 075	8 075	8 075	8 075	6 814	-	-
Water		3 838	8 876	-	40 805	40 805	40 805	40 805	13 300	-	-
Waste water management		-	1 526	-	34 987	34 987	34 987	34 987	20 548	-	-
Waste management		14 352	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	4 091	4 091	4 091	4 091	-	-	-
Total Capital Expenditure - Standard	3	45 778	57 617	-	144 034	144 034	144 034	144 034	63 679	-	-
Funded by:											
National Government		45 107	57 296	34 199	48 814	48 814	48 814	48 814	34 593	-	-
Provincial Government		-	-	-	1 680	1 680	1 680	1 680	1 550	-	-
District Municipality		-	-	-	10 168	10 168	10 168	10 168	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	27 536	-	-
Transfers recognised - capital	4	45 107	57 296	34 199	60 661	60 661	60 661	60 661	63 679	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	16 847	38 649	38 649	38 649	38 649	-	-	-
Internally generated funds		671	321	43 139	44 725	44 725	44 725	44 725	-	-	-
Total Capital Funding	7	45 778	57 617	94 184	144 034	144 034	144 034	144 034	63 679	-	-

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments. The capital projects are funded from capital and provincial grants and transfers.

Table A6 - Budgeted Financial Position

EC104 Makana - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		–	6 381	7 258	6 732	6 732	6 732	6 732	4 381	4 643	4 922
Call investment deposits	1	74 673	38 017	5 377	6 732	6 732	6 732	6 732	6 054	6 429	6 827
Consumer debtors	1	60 717	52 018	137 399	28 250	28 250	28 250	28 250	130 329	138 458	147 164
Other debtors		8 223	8 966	25 484	8 675	8 675	8 675	8 675	28 745	30 469	32 297
Current portion of long-term receivables		55	55	17	1 126	1 126	1 126	1 126	–	–	–
Inventory	2	15 472	17 487	8 706	18 449	18 449	18 449	18 449	9 228	9 782	10 369
Total current assets		159 140	122 924	184 241	69 965	69 965	69 965	69 965	178 736	189 781	201 579
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		11 777	12 588	813	–	–	–	–	–	–	–
Investment property		144 908	143 260	143 260	151 139	151 139	151 139	151 139	240 495	254 925	270 220
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1 286 540	1 368 897	1 368 897	166 696	166 696	166 696	166 696	–	–	–
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	1 848	25 770	1 950	1 950	1 950	1 950	–	–	–
Intangible		56	310	448	327	327	327	327	475	503	533
Other non-current assets		–	–	–	13 280	13 280	13 280	13 280	27 830	29 500	31 270
Total non current assets		1 443 281	1 526 903	1 539 187	333 392	333 392	333 392	333 392	268 800	284 928	302 024
TOTAL ASSETS		1 602 420	1 649 826	1 723 429	403 357	403 357	403 357	403 357	447 536	474 710	503 603
LIABILITIES											
Current liabilities											
Bank overdraft	1	3 523	–	–	–	–	–	–	–	–	–
Borrowing	4	978	820	63 586	–	–	–	–	–	–	–
Consumer deposits		1 986	2 097	2 233	219	219	219	219	2 339	2 479	2 628
Trade and other payables	4	140 373	137 333	88 251	–	–	–	–	–	–	–
Provisions		2 321	2 565	2 772	2 707	2 707	2 707	2 707	2 938	3 115	3 302
Total current liabilities		149 181	142 815	156 842	2 925	2 925	2 925	2 925	5 277	5 594	5 930
Non current liabilities											
Borrowing		601	138	22 022	–	–	–	–	–	–	–
Provisions		47 295	56 103	48 414	–	–	–	–	2 107	2 232	2 354
Total non current liabilities		47 897	56 241	70 436	–	–	–	–	2 107	2 232	2 354
TOTAL LIABILITIES		197 078	199 056	227 278	2 925	2 925	2 925	2 925	7 385	7 826	8 284
NET ASSETS	5	1 405 343	1 450 770	1 496 150	400 431	400 431	400 431	400 431	440 151	466 884	495 319
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 399 972	1 377 724	1 490 742	14 122 672	14 122 672	14 122 672	14 122 672	1 541 904	1 634 418	1 732 484
Reserves	4	5 371	5 390	5 409	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1 405 343	1 383 114	1 496 150	14 122 672	14 122 672	14 122 672	14 122 672	1 541 904	1 634 418	1 732 484

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Table A7 - Budgeted Cash Flow Statement

EC104 Makana - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		182 540	196 873	172 431	266 197	266 197	266 197	266 197	207 089	219 305	226 940
Government - operating	1	-	-	-	85 124	85 124	85 124	85 124	78 153	80 872	81 848
Government - capital	1	73 083	113 493	129 161	126 683	126 683	126 683	126 683	65 296	48 928	65 969
Interest		4 767	3 939	2 048	14 000	14 000	14 000	14 000	9 600	10 166	10 726
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(127 388)	(168 298)	(209 787)	(296 944)	(296 944)	(296 944)	(296 944)	(335 069)	(354 815)	(374 307)
Finance charges		(281)	(218)	(191)	(230)	(230)	(230)	(230)	-	-	-
Transfers and Grants	1	(73 593)	(103 781)	(68 695)	-	-	-	-	41 863	44 356	46 818
NET CASH FROM/(USED) OPERATING ACTIVITIES		59 129	42 006	24 967	194 830	194 830	194 830	194 830	66 932	48 812	57 994
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(159)	-	-	(60 447)	(60 447)	(60 447)	(60 447)	139	148	157
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(10 605)	(811)	11 775	(855)	(855)	(855)	(855)	589	625	664
Payments											
Capital assets		(45 778)	(57 617)	(91 369)	(339)	(339)	(339)	(339)	4 412	4 677	4 957
NET CASH FROM/(USED) INVESTING ACTIVITIES		(56 542)	(58 428)	(79 594)	(61 641)	(61 641)	(61 641)	(61 641)	5 140	5 450	5 778
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	23 407	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(1 805)	(621)	(543)	(1 032)	(1 032)	(1 032)	-	4 412	4 672	4 929
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 805)	(621)	22 864	(1 032)	(1 032)	(1 032)	-	4 412	4 672	4 929
NET INCREASE/ (DECREASE) IN CASH HELD		781	(17 042)	(31 763)	132 157	132 157	132 157	133 188	76 483	58 934	68 701
Cash/cash equivalents at the year begin:	2	70 368	71 150	54 107	22 344	154 501	286 658	154 501	9 833	86 316	145 250
Cash/cash equivalents at the year end:	2	71 150	54 107	22 344	154 501	286 658	418 815	287 689	86 316	145 250	213 951

- Due to the roll-over application of the unspent grant in August 2014, and the possibility of offsetting previous years' unspent grants by National Treasury, the cash flow budget is subject to change and adjustment during the adjustment budget.
- The budgeted cash flow statement is the first measurement in determining whether the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget with the expected 75 per cent collection rate.
- It can be seen that the cash levels of Makana fall significantly over the three year MTREF, which proves the lack of financial instability and how critical it is for the municipality to act quickly.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC104 Makana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	71 150	54 107	22 344	154 501	286 658	418 815	287 689	86 316	145 250	213 951
Other current investments > 90 days		(0)	(9 709)	(9 709)	(141 036)	(273 193)	(405 350)	(274 225)	(75 882)	(134 178)	(202 201)
Non current assets - Investments	1	11 777	12 588	813	-	-	-	-	-	-	-
Cash and investments available:		82 927	56 986	13 448	13 464	13 464	13 464	13 464	10 434	11 072	11 749
Application of cash and investments											
Unspent conditional transfers		62 962	56 865	66 807	-	-	-	-	-	-	-
Unspent borrowing		-	-	664	-	-	-	-	-	-	-
Statutory requirements	2	18 891	10 736	5 693	5 686	-	-	-	5 733	6 077	6 442
Other working capital requirements	3	(161)	20 108	(105 869)	(32 847)	(41 790)	(41 790)	(41 790)	(101 124)	(106 802)	(110 245)
Other provisions		-	-	-	4 988	-	-	-	4 629	4 907	5 202
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		81 693	87 709	(32 705)	(22 173)	(41 790)	(41 790)	(41 790)	(90 761)	(95 818)	(98 602)
Surplus(shortfall)		1 234	(30 724)	46 152	35 637	55 254	55 254	55 254	101 196	106 890	110 351

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. The municipality’s budget is funded, after extensive cost-containment measure which would have to be adhered to, which can be seen on supporting table SA 10 in the annexures.

Table A9 - Asset Management

EC104 Makana - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	45 778	57 617	-	95 407	-	-	38 567	-	-
Infrastructure - Road transport		13 019	13 019	-	9 500	-	-	-	-	-
Infrastructure - Electricity		5 464	9 949	-	8 075	-	-	3 126	-	-
Infrastructure - Water		3 838	8 876	-	3 157	-	-	10 000	-	-
Infrastructure - Sanitation		-	1 526	-	31 087	-	-	20 548	-	-
Infrastructure - Other		14 352	-	-	10 244	-	-	-	-	-
Infrastructure		36 674	33 370	-	62 063	-	-	33 674	-	-
Community		6 145	14 705	-	8 568	-	-	4 000	-	-
Heritage assets		-	-	-	22 441	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 896	9 221	-	2 335	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		63	321	-	-	-	-	893	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	25 112	-	-
Infrastructure - Road transport		-	-	-	-	-	-	16 573	-	-
Infrastructure - Electricity		-	-	-	-	-	-	3 688	-	-
Infrastructure - Water		-	-	-	-	-	-	3 300	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	23 561	-	-
Community		-	-	-	-	-	-	1 550	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		13 019	13 019	-	9 500	-	-	16 573	-	-
Infrastructure - Electricity		5 464	9 949	-	8 075	-	-	6 814	-	-
Infrastructure - Water		3 838	8 876	-	3 157	-	-	13 300	-	-
Infrastructure - Sanitation		-	1 526	-	31 087	-	-	20 548	-	-
Infrastructure - Other		14 352	-	-	10 244	-	-	-	-	-
Infrastructure		36 674	33 370	-	62 063	-	-	57 236	-	-
Community		6 145	14 705	-	8 568	-	-	5 550	-	-
Heritage assets		-	-	-	22 441	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 896	9 221	-	2 335	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		63	321	-	-	-	-	893	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	45 778	57 617	-	95 407	-	-	63 679	-	-
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	-	34 886	9 500	-	-	16 573	-	-
Infrastructure - Electricity		-	-	4 825	8 075	-	-	6 814	-	-
Infrastructure - Water		-	-	24 034	3 157	-	-	13 300	-	-
Infrastructure - Sanitation		-	-	15 193	29 187	-	-	20 548	-	-
Infrastructure - Other		1 213 372	1 218 587	-	40 902	-	-	6 443	-	-
Infrastructure		1 213 372	1 218 587	78 937	90 821	-	-	63 679	-	-
Community		53 276	61 161	883	3 718	-	-	-	-	-
Heritage assets		-	-	2 669	-	-	-	-	-	-
Investment properties		144 908	143 260	143 260	151 139	151 139	151 139	240 495	254 925	270 220
Other assets		31 669	34 080	11 697	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	1 848	25 770	1 950	1 950	1 950	-	-	-
Intangibles		56	310	448	327	327	327	475	503	533
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 443 281	1 459 246	263 664	247 955	153 416	153 416	304 649	255 428	270 754
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		47 783	44 212	2	8 969	8 969	8 969	27 081	28 679	30 256
Repairs and Maintenance by Asset Class	3	16 039	10 887	18 047	17 120	-	-	18 359	19 494	20 571
Infrastructure - Road transport		16 039	10 887	18 047	4 166	-	-	3 001	3 178	3 353
Infrastructure - Electricity		-	-	-	2 000	-	-	2 750	2 912	3 072
Infrastructure - Water		-	-	-	-	-	-	2 550	2 700	2 849
Infrastructure - Sanitation		-	-	-	840	-	-	810	911	961
Infrastructure - Other		-	-	-	-	-	-	10	11	11
Infrastructure		16 039	10 887	18 047	7 006	-	-	9 121	9 712	10 246
Community		-	-	-	2 633	-	-	834	883	931
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	7 481	-	-	8 405	8 899	9 394
TOTAL EXPENDITURE OTHER ITEMS		63 822	55 100	18 049	26 089	8 969	8 969	45 441	48 173	50 827
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	39.4%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	92.7%	0.0%	0.0%
<i>R&M as a % of PPE</i>		1.2%	0.8%	1.3%	10.3%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and R&M as a % of PPE</i>		1.0%	1.0%	7.0%	7.0%	0.0%	0.0%	14.0%	8.0%	8.0%

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table A10 - Basic Service Delivery Measurement

EC104 Makana - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling					25 000	-	25 000	35 100	-	-
Piped water inside yard (but not in dwelling)					2 000	1 000	3 000	-	-	-
Using public tap (at least min.service level)	2				-	-	-	-	-	-
Other water supply (at least min.service level)	4				-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					27 000	1 000	28 000	35 100	-	-
Using public tap (< min.service level)	3				-	-	-	-	-	-
Other water supply (< min.service level)	4				-	-	-	-	-	-
No water supply					-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
Total number of households	5				27 000	1 000	28 000	35 100	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)					1 373	-	1 373	588	-	-
Flush toilet (with septic tank)					-	-	-	-	-	-
Chemical toilet					-	-	-	-	-	-
Pit toilet (ventilated)					-	-	-	-	-	-
Other toilet provisions (> min.service level)					-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					1 373	-	1 373	588	-	-
Bucket toilet					-	-	-	-	-	-
Other toilet provisions (< min.service level)					1 500	-	1 500	-	-	-
No toilet provisions					-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					1 500	-	1 500	-	-	-
Total number of households	5				2 873	-	2 873	588	-	-
Energy:										
Electricity (at least min.service level)					-	-	-	-	-	-
Electricity - prepaid (min.service level)					-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>					-	-	-	-	-	-
Electricity (< min.service level)					-	-	-	-	-	-
Electricity - prepaid (< min. service level)					-	-	-	-	-	-
Other energy sources					-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					-	-	-	-	-	-
Total number of households	5				-	-	-	-	-	-
Refuse:										
Removed at least once a week					24 423	24 423	24 423	24 423	24 423	24 423
<i>Minimum Service Level and Above sub-total</i>					24 423	24 423	24 423	24 423	24 423	24 423
Removed less frequently than once a week					-	-	-	-	-	-
Using communal refuse dump					2	2	2	2	2	2
Using own refuse dump					-	-	-	-	-	-
Other rubbish disposal					-	-	-	-	-	-
No rubbish disposal					-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					2	2	2	2	2	2
Total number of households	5				24 425	24 425	24 425	24 425	24 425	24 425
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)					-	-	6 900	8 373	8 400	8 600
Sanitation (free minimum level service)					-	-	6 900	8 373	8 400	8 600
Electricity/other energy (50kwh per household per month)					-	-	6 900	7 711	7 900	8 000
Refuse (removed at least once a week)					-	-	6 900	8 373	8 400	8 600
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)					-	-	0	17 322	18 343	19 352
Sanitation (free sanitation service)					-	-	0	10 706	11 338	11 961
Electricity/other energy (50kwh per household per month)					-	-	0	2 207	2 337	2 466
Refuse (removed once a week)					-	-	0	5 790	6 132	6 469
Total cost of FBS provided (minimum social packa							0	36 024	38 150	40 248
Highest level of free service provided										
Property rates (R value threshold)					-	-	-	45 925 379	48 634 976	51 309 920
Water (kilolitres per household per month)					-	-	-	10	10	10
Sanitation (kilolitres per household per month)					-	-	-	20	20	20
Sanitation (Rand per household per month)					-	-	-	106	113	120
Electricity (kwh per household per month)					-	-	-	50	50	50
Refuse (average litres per week)					-	-	-	85	85	85
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)					-	-	700	-	-	-
Property rates (other exemptions, reductions and rebates)					-	-	-	-	-	-
Water					-	-	-	-	-	-
Sanitation					-	-	-	-	-	-
Electricity/other energy					-	-	-	-	-	-
Refuse					-	-	-	-	-	-
Municipal Housing - rental rebates					-	-	-	-	-	-
Housing - top structure subsidies	6				-	-	-	-	-	-
Other					-	-	-	-	-	-
Total revenue cost of free services provided (total social package)							700	-	-	-

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The table could not be completed at the finalization of the budget as the relevant information was not availed.